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TRADE AND DEVELOPMENT BOARD

Twenty-second session

SUMMARY RECORD OF THE 551st MEETING

held at the Palais des Nations, Geneva,
on Wednesday, 18 March 1981, at 4.30 p.m.

President: Mr. MARSHALL (United Kingdom of Great Britain and Northern Ireland)

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The meeting was called to order at 4.55 p.m.

PROCEDURAL MATTERS (agenda item 1):

(c) ADOPTION OF THE REPORT ON CREDENTIALS (continued) (TD/B/845)

1. The PRESIDENT invited the Board to adopt the Bureau's report on the credentials of representatives (TD/B/845).

2. The report on credentials was adopted.

EVALUATION OF THE WORLD TRADE AND ECONOMIC SITUATION AND CONSIDERATION OF ISSUES, POLICIES AND APPROPRIATE MEASURES TO FACILITATE STRUCTURAL CHANGES IN THE INTERNATIONAL ECONOMY, TAKING INTO ACCOUNT THE INTERRELATIONSHIPS OF PROBLEMS IN THE AREAS OF TRADE, DEVELOPMENT, MONEY AND FINANCE WITH A VIEW TO ATTAINING THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER AND BEARING IN MIND THE FURTHER EVOLUTION THAT MAY BE NEEDED IN THE RULES AND PRINCIPLES GOVERNING INTERNATIONAL ECONOMIC RELATIONS (agenda item 3) (continued) (TD/B/846, TD/B/WG.7/31)

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3. Mr. ERZIC (Yugoslavia) said that some years previously the non-aligned countries had been alone in drawing attention to the worsening of the world economic crisis. The central problem was the widening gap between developed and developing countries and an important instrument for resolving it was the International Development Strategy for the Third United Nations Development Decade. It was necessary to deploy the entire United Nations machinery, especially UNCTAD, in order to implement that Strategy, and the sixth session of the Conference should be concerned principally with the means of achieving the aims of the Decade.

4. The non-aligned and developing countries saw the global negotiations and the establishment of a new international economic order as a means of overcoming the world crisis. Consequently, items 3 and 4 of the Board's agenda were extremely significant for a comprehensive review and understanding of the present world situation. The Board should therefore undertake a concerted effort to seek common solutions, having in mind the strengthening of peaceful coexistence and co-operation on an equal basis. It should also carry out studies to enable negotiations to be organized and satisfactory solutions found.

5. Mr. KOBAYASHI (Japan), speaking on behalf of Group B, said that the countries of his Group shared the satisfaction of the Group of 77 at the adoption of Board resolutions 165 (S-IX) and 222 (XXI) and recalled the statement they had made on the adoption of the latter resolution. The Group B countries hoped, as did the Group of 77, that the secretariat would be able to complete the analysis of the implementation of resolution 165 (S-IX) by all industrialized donor countries as part of its ongoing programme of work.

6. Group B countries noted with interest the report of the Secretary-General of UNCTAD on his discussions with the International Monetary Fund and the World Bank. They expressed their satisfaction that the invitation addressed by the Board in its resolution 222 (XXI) to the Heads of the Bretton Woods institutions had laid the basis for informal co-operation in the exchange of information. By submitting his report, the Secretary-General of UNCTAD had fulfilled his obligations under resolution 222 (XXI), paragraph 1.

7. Mr. HILL (Jamaica), speaking on items 3 and 4 of the agenda, endorsed the statements made by the Yugoslav delegation and the Chairman of the Group of 77. He was looking forward to the analytical report on world trade and development announced by the Secretary-General of UNCTAD at the previous session and hoped that it would be considered at the highest level in 1987 or 1988. The Secretary-General of UNCTAD was given a mandate by Board resolution 165 (XVI) to carry out any studies he might deem appropriate, and by Conference resolution 90 (IV) to organize a ministerial meeting of the Board. The delegation of Jamaica found it regrettable, as did no doubt the Group of 77 as a whole, that after two expert reports on world inflation, it was necessary to await yet another report for specific proposals on ways of tackling a phenomenon which caused a number of countries to adopt misguided policies and worsened the situation of the poorer countries.

8. Item 5 on the debt problems of developing countries should be kept on the agenda for the next session, before which the secretariat should submit further reports to the Board. Group B countries had achieved partial success in the implementation of Board resolution 165 (S-IX), but they needed to bear in mind the spirit as well as the letter of the resolution and acknowledged that they had not given all the poorer countries the benefit of retrospective adjustment of their aid. Their failure to do so was not in keeping with UNCTAD's spirit of universality.

9. The Group of 77 was prepared to consider informally with Group B countries ways of overcoming any difficulties they might have to face in connection with the implementation of resolution 165 (S-IX). Group B countries should provide the secretariat with more precise information on what they had done to enable the Board to give the matter proper consideration. The Jamaican delegation endorsed the view of Group B on the action taken to give effect to Part B of Board resolution 222 (XXI) concerning future operations relating to the debt problem. That resolution did not entirely meet the expectations of the Group of 77, but it had accepted the resolution in a spirit of conciliation and was now awaiting with interest its implementation and the report of the Secretary-General of UNCTAD on the subject.

10. The already critical situation of the developing countries, in particular the least developed among them, was likely to become worse in the years to come, since public development aid from the developed countries was not very substantial, and there was little likelihood of its increasing by 1985. Third world countries were therefore forced to seek commercial loans, on extremely stringent terms which placed a severe burden on their budget. Furthermore, the developing countries' debt should be seen in relation to their terms of trade, which were steadily deteriorating. The Secretary-General of UNCTAD had made a very keen analysis of the causes of the problem, and if the debt question was merely to be kept on the agenda for the next session, the problem would be dealt with only in part. On behalf of the Group of 77, Mr. Hill expressed the hope that, in the consultations between the President of the Board and the Secretary-General of UNCTAD and the co-ordinators of the regional groups, a way would be found of giving serious consideration to possible solutions to the debt problem before the next session.

11. The CHAIRMAN suggested that the Board should include items 3, 4 and 5 in the agenda of the twenty-third session and refer draft resolution TD/B/L.360 on item 4 (Interdependence of problems of trade, development finance and the international monetary system) to that session for further consideration.

12. It was so decided.

STATEMENT BY THE UNDER-SECRETARY-GENERAL, DEPARTMENT OF INTERNATIONAL ECONOMIC AND SOCIAL AFFAIRS

13. Mr. RIPERT (Under-Secretary-General, Department of International Economic and Social Affairs), stressing the close working relationship between the Department of International Economic and Social Affairs and the UNCTAD secretariat, reviewed the situation regarding the negotiations being conducted at Headquarters on economic questions.

14. The progress achieved over the previous six months had not been negligible but was still insufficient. With regard to the International Development Strategy, to which UNCTAD and the secretariat had made substantial contributions, a draft had been prepared and adopted by the General Assembly, although it was true that significant reservations had been expressed by a number of developed countries. It contained a series of development aims for the developing countries, within the context of the establishment of a new international economic order, and set forth a number of guidelines concerning means of achieving those aims at the national and international levels.

15. The quantitative aims set forth in the Strategy with regard to the growth of developing countries might in the present circumstances appear unrealistic, or at least extremely ambitious. But when one considered the scale of the requirements to be met in order to reduce world poverty, their soundness appeared far less questionable. They did not seem to be unattainable when viewed in the light of past results and of a possible mobilization of national and international efforts. It should also be noted that the new Strategy emphasized more explicitly than the previous strategy that economic growth was but a means to an end, and that the ultimate aim of development was to satisfy human needs, including participation. Consideration was given in it to certain important social aspects of development, such as the role of women in development. Similarly, the Strategy included in its aims a number of measures to reform the system of international economic relations.

16. In view of the present economic situation, the machinery for review and assessment, which was an integral part of the Strategy, was recognized by all participants as being of particular importance, and the procedures were yet to be specified by the General Assembly. Lastly, the Strategy had been designed to act as a frame of reference for international co-operation for development in future years. It was clear, however, that the machinery for action would have to be gradually supplemented as international negotiations progressed, in particular, upon completion of global negotiations on the fundamental issues of materials, trade, energy, development, and monetary and financial questions.

17. With regard to the global negotiations, he said that the consultations held during the thirty-fifth session of the General Assembly had failed to result in an agreement. The President of the General Assembly had therefore been given a mandate to keep open any contacts he might deem useful to enable the Assembly, in the course of the year, to take the decisions necessary for launching the global negotiations. For the time being, the consultations were suspended, since the United States had asked for time to make a thorough reappraisal of positions adopted previously. The consultations of the six previous months had, however, reduced differences of opinion on procedural and agenda matters in some important respects. Nevertheless, there was still disagreement as to the manner of defining the role of the central body responsible to the General Assembly and that of the specialized bodies. The main disagreement concerning the agenda was in the wording of the items relating to monetary questions and energy. He hoped, however, that on the basis of the points on which agreement had already been reached, it would be possible for all parties concerned to agree to start substantive negotiations. In his view, failure by the United Nations to reach agreement would be all the more prejudicial because it would come at a time when, in the numerous uncertainties affecting the world economy, there could be added the apparent inability of Member States to overcome inevitable differences of opinion or understandable suspicions and, on essential matters, to carry on the co-operative endeavour so often rendered necessary by an international economy increasingly characterized by the realities of interdependence.

18. It was true that those disappointing results were largely due to the increasing economic difficulties of all countries in the face of the spectre of political tensions and even armed conflict. In those circumstances, it was difficult to summon the necessary political strength to overcome differences or compromise. The temptation to adopt attitudes of withdrawal or policies of self-interest tended to re-emerge, since the advantages of international co-operation appeared to public opinion, if not to political leaders, to be intangible in the short term to warrant the necessary changes. An analysis of present realities confirmed the serious dangers with which an attitude of frustration or, worse, scepticism would be fraught.

19. There was a virtually world-wide recession in the world economy at a time when a difficult and yet unavoidable adjustment was necessary both nationally and internationally. The average growth rate of the developing countries had fallen from 4.7 per cent in 1979 to 3.0 per cent in 1980. Taking into account the population increase and the deterioration in their terms of trade, it could be seen that in most of those countries there had, for the first time in many years, been a decline in the per capita national product to an extent that varied according

PROGRESS IN THE IMPLEMENTATION OF SPECIFIC ACTION RELATED TO THE PARTICULAR NEEDS AND PROBLEMS OF ISLAND DEVELOPING COUNTRIES (agenda item 9) (continued) (TD/B/941)

26. Mr. GARCÍA REYNOSO (Mexico), speaking on behalf of the Group of 77, reminded the Board of General Assembly resolution 32/185 and Conference resolutions 98 (IV) and 111 (V), which were concerned with the item under consideration.

27. The UNCTAD secretariat had carried out various in-depth studies and had convened a Group of Experts on Feeder and Inter-island Services by Air or Sea for Island Developing Countries in October 1977. At its present session, the Board was to take a decision concerning the convening of an intergovernmental group of experts to deal with the question of island developing countries. In the opinion of the Group of 77, such an international intergovernmental group should be convened in late 1981 or early 1982. The UNCTAD secretariat should be requested in advance to hold as extensive consultations as possible with island developing countries, interested subregional and regional organizations, the United Nations regional economic commissions, regional development banks and competent international organizations.

28. In the International Strategy for the Third United Nations Development Decade, the General Assembly declared that "during the decade, further specific action will be taken to assist developing island countries in offsetting major handicaps due to geographical and other constraints." The General Assembly had also adopted a programme of action in favour of island developing countries; by paragraph 11 it had invited the competent United Nations organs to take further measures as necessary to meet the specific requirements of these countries and had decided to undertake, at its thirty-seventh session, a comprehensive review of the implementation of the measures taken by the international community.

29. The Group of 77 considered that the UNCTAD secretariat's note (TD/B/941) did not adequately identify the problems of island developing countries or the measures required to overcome them; the particular questions for consideration by the intergovernmental group of experts should include the impact of invisibles on island developing countries, having regard to their dependence on transnational corporations for freight rates and air tariffs and on metropolitan insurance companies for insurance, technological requirements, and the particular requirements concerning rules of origin for products of export interest to them.

30. The secretariat should prepare, in co-operation with the Governments of island developing countries and international organizations, a programme of action in favour of island countries, concentrating on co-operation among groups of islands at the subregional, regional and interregional levels. The Governments concerned should also seek the necessary financial and technical assistance from the United Nations Development Programme and other sources.

31. Mr. BORG (Malta) said that his delegation fully supported the statement made by the spokesman for the Group of 77, which highlighted the case of island developing countries and the scant interest which UNCTAD appeared to show in them. The analysis made in the UNCTAD secretariat note (TD/B/941) of many of the constraints accepted by the international community as real handicaps for island developing countries was not sufficiently detailed to bring out the real nature of the problems created by those constraints or to identify the remedial action required.

32. Consequently, if UNCTAD was to take up seriously the problems and needs of island developing countries as it was requested to do in the United Nations General Assembly resolutions, the International Strategy for the Third United Nations Development Decade, and Conference resolutions 98(IV) and 111(V), it was important that the countries concerned should discuss their specific needs and problems in an appropriate forum. So far the countries in question had not had an opportunity of treating their over-all problems in a substantive manner within UNCTAD, the organ chosen by the General Assembly in its resolution 32/197 to deal with the specific problems of island developing countries. Regardless of who was responsible for that situation, it was obvious that an intergovernmental group of experts would serve to help UNCTAD identify the specific measures that would take up the programme adopted at Conference resolution 111 (V).

33. That would do justice not only to the many resolutions adopted on the subject, but also to all island developing countries, which, owing to their particular difficulties and size, did not always have the opportunity to voice their views.

34. [illegible] (Philippines) fully endorsed the statements by the representative of Malta on behalf of the Group of 77 and by the representative of Malta. He pointed out, however, that although there were many island developing countries - including the Philippines, Cuba, Indonesia, Madagascar, Jamaica and Sri Lanka - there was also a fundamental difference between countries such as Malta and the Philippines, namely that the Philippines was an island archipelagic State. The problems facing island developing countries such as Indonesia and the Philippines, which were archipelagic States, were very different from and greater than those facing island countries such as Malta, Jamaica or Cuba. His delegation hoped that when the intergovernmental group of experts met, it would give special consideration to the problems of archipelagic developing countries.

35. [illegible] (Cuba), speaking on behalf of the Group of 77, expressed its concern that the draft resolution on island developing countries contained in document TD/B/L.589 had been withdrawn so early, only a few days before the closing of the Board's session.

36. [illegible] (Malta) supported the statement made by the representative of Indonesia on behalf of the Group of 77, as well as the statements made by the representatives of Malta and the Philippines. It was regrettable that the resources which UNCTAD was in a position to devote to the specific problems of island developing countries were so scanty. It was therefore important that an intergovernmental group of experts should meet to analyse the specific problems of island developing countries. In reply to the statement made by the representative of Japan, she acknowledged and expressed its confidence in the great analytical capabilities of the Group's secretariat and hoped that it would be possible to obtain broad early approval at the outset of the draft resolution.

[illegible]